

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Calhoun County Board of Public Works	County Calhoun
Audit Date 12/31/05	Opinion Date 4/14/06	Date Accountant Report Submitted to State: 6/7/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

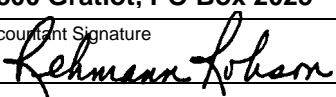
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Rehmann Robson			
Street Address 5800 Gratiot, PO Box 2025		City Saginaw	State MI
Accountant Signature 		ZIP 48605	Date 6/7/06

**BOARD OF PUBLIC WORKS
COUNTY OF CALHOUN,
MICHIGAN**

Basic Financial Statements

For The Year Ended December 31, 2005



REHMANN ROBSON

Certified Public Accountants

**BOARD OF PUBLIC WORKS
COUNTY OF CALHOUN, MICHIGAN**

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

April 14, 2006

To the Board of Public Works
County of Calhoun
Marshall, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the ***Board of Public Works of the County of Calhoun, a component unit of Calhoun County***, as of and for the year ended December 31, 2005, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Board of Public Works of the County of Calhoun. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Public Works of the County of Calhoun as of December 31, 2005, and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Department has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Lohorn". The signature is written in a cursive style with a large, stylized 'L' at the beginning.

BASIC FINANCIAL STATEMENTS

BOARD OF PUBLIC WORKS
CALHOUN COUNTY
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2005

	Solid Waste	ECCSS # 4 Clarence Twp	City of Marshall 1997	Emmet Township 2000	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
Assets								
Cash and cash equivalents	\$ 540,291	\$ 314,194	\$ -	\$ -	\$ -	\$ 854,485	\$ -	\$ 854,485
Accounts receivable	62,823	-	-	-	-	62,823	104,445	167,268
Lease receivable	-	-	-	-	-	-	13,835,000	13,835,000
Deferred costs	-	-	-	-	-	-	63,305	63,305
Due from fund of another component unit	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 603,114	\$ 314,194	\$ -	\$ -	\$ -	\$ 917,308	\$ 14,002,750	\$ 14,920,058
Liabilities								
Accounts payable	189	-	-	-	-	189	601,784	601,973
Accrued expenditures	-	-	-	-	-	-	104,445	104,445
Due to other funds	-	-	-	-	-	-	-	-
Due to other component unit	601,784	-	-	-	-	601,784	(601,784)	-
Long-term liabilities	-	-	-	-	-	-	810,000	810,000
Due within one year	-	-	-	-	-	-	13,025,000	13,025,000
Due after one year	-	-	-	-	-	-	-	-
Total liabilities	601,973	-	-	-	-	601,973	13,939,445	14,541,418
Fund Balance/Net Assets								
Fund balance	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-
Undesignated	1,141	314,194	-	-	-	315,335	(315,335)	-
Total liabilities and fund balance	\$ 603,114	\$ 314,194	\$ -	\$ -	\$ -	\$ 917,308		
Net Assets:								
Unrestricted							\$ 378,640	\$ 378,640

The accompanying notes are an integral part of these financial statements.

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets**

DECEMBER 31, 2005

Fund balances - Governmental Funds	\$ 315,335
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds. Bonds payable and interest of various municipalities are to be repaid by the municipality

Lease receivable	13,835,000
Accounts receivable for accrued interest	109,485
Deferred bond issue costs	63,305

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds payable	(13,835,000)
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Certain liabilities, such as accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Deduct - accrued interest payable	<u>(109,485)</u>
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Net assets of governmental activities	<u><u>\$ 378,640</u></u>
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The accompanying notes are an integral part of these financial statements.

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Solid Waste	ECCSS # 4 Clarence Twp	City of Marshall 1997	Emmet Township 2000	Nonmajor funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/Expenses								
Current:								
Public works	\$ 406,969	\$ 9,810	\$ -	\$ -	\$ 143	\$ 416,922	\$ -	\$ 416,922
Debt service:								
Principal	-	35,000	145,000	150,000	642,000	972,000	(780,000)	192,000
Interest	-	23,000	141,263	154,163	547,016	865,442	(63,305)	802,137
Total expenditures/expenses	406,969	67,810	286,263	304,163	1,189,159	2,254,364	(843,305)	1,411,059
Program revenues								
Charges for services	10,057	-	-	-	-	10,057	-	10,057
Operating grants and contributions	262,498	58,000	275,582	304,163	1,151,809	2,052,052	(743,919)	1,308,133
Total program revenues	272,555	58,000	275,582	304,163	1,151,809	2,062,109	(743,919)	1,318,190
Net program expenses	(134,414)	(9,810)	(10,681)	-	(37,350)	(192,255)	-	(92,869)
General revenues and other financing sources								
Proceeds from bond issuance	-	-	-	-	1,260,000	1,260,000	(1,260,000)	-
Discount from bond issuance	-	-	-	-	(13,310)	(13,310)	13,310	-
Payment to escrow agent	-	-	-	-	(1,210,609)	(1,210,609)	1,210,609	-
Transfers in	-	-	10,681	-	1,126	11,807	(11,807)	-
Transfers (out)	-	-	-	-	(11,807)	(11,807)	11,807	-
Interest revenue	16,651	9,033	-	-	83	25,767	-	25,767
Total general revenues	16,651	9,033	10,681	-	25,483	61,848		
Net change in fund balances	(117,763)	(777)	-	-	(11,867)	(130,407)	130,407	
Changes in net assets								(67,102)
Fund Balance/Net Assets, Beginning of year	118,904	314,971	-	-	11,867	445,742	-	445,742
Fund Balance/Net Assets, End of year	\$ 1,141	\$ 314,194	\$ -	\$ -	\$ -	\$ 315,335	\$ -	\$ 378,640

The accompanying notes are an integral part of these financial statements.

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
Reconciliation of the Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2005**

Net change in fund balances - Governmental Funds	\$ (130,407)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Repayment of debt principal is an expenditure in the funds but not in the statement of activities:

Bond payments	780,000
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Proceeds and costs from bond refunding:

Bond proceeds are a financing source in the funds but not in the statement of activities	(1,260,000)
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Bond discount is a financing use in the funds but not in the statement of activities	13,310
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The payment to escrow agent is a use of funds in the fund level statements but not in the statement of activities	1,210,609
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Bond issue costs are expensed in the funds but not in the statement of activities	67,181
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Amortization of bond issue costs are expensed in the statement of activities but not in the funds	(3,876)
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Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not	<u>(743,919)</u>
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Change in net assets of governmental activities	<u><u>\$ (67,102)</u></u>
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The accompanying notes are an integral part of these financial statements.

BOARD OF PUBLIC WORKS COUNTY OF CALHOUN, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – These financial statements represent the financial position and the results of operations of the public works projects managed and administered by the Calhoun County Board of Public Works (BPW). These projects are considered to be a discretely presented component unit of Calhoun County (the “County” or “primary government”) and are an integral part of that reporting entity.

Government-wide and Fund Financial Statements – As permitted by GASB Statement No. 34, the BPW uses an alternative approach reserved for single program governments to present combined component-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to component-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. Major individual governmental funds are reported as separate columns in the aforementioned financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The component-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the BPW considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BOARD OF PUBLIC WORKS COUNTY OF CALHOUN, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS

Intergovernmental charges and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received.

The government reports the following major governmental funds:

The solid waste capital projects fund accounts for solid waste activities in Calhoun County

The Clarence Township ECCSS#4 fund accounts for solid waste activities and the accumulation of resources for, and the payment of, interest and principal on bonded debt.

.The City of Marshall #16 and Emmet Township 2000 are debt service funds, which account for the accumulation of resources for, and for the payment of, interest and principal on bonded debt of those municipalities.

Additionally, the BPW reports the following as non-major governmental funds:

Debt service funds account for the accumulation of resources for, and the payment of, interest and principal on bonded debt.

Capital projects funds account for the use of resources, primarily bond proceeds, in constructing or acquiring capital assets, including buildings and water and sewer systems.

As a general rule the effect of interfund activity has been eliminated from the component-wide financial statements.

Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

**BOARD OF PUBLIC WORKS
COUNTY OF CALHOUN, MICHIGAN**

NOTES TO BASIC FINANCIAL STATEMENTS

Long-term Obligations – In the component-wide financial statements, long-term debt is reported as a liability. Bond discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. At December 31, 2005, there were no reservations of fund balance.

2. CASH AND POOLED INVESTMENTS

At December 31, 2005, the amount of the BPW's deposits were as follows:

	Carrying Amount	Bank Balance
Insured	\$ 9,607	\$ 9,607
Held by Calhoun County		
Pooled Cash	399,020	399,020
Certificates of deposit	445,858	445,858
	<u>\$ 854,485</u>	<u>\$ 854,485</u>

State statutes authorize the BPW to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

BOARD OF PUBLIC WORKS COUNTY OF CALHOUN, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the BPW's deposits may not be returned. State law does not require and the BPW does not have a policy for deposit custodial credit risk. As of December 31, 2005, the entire amount of the BPW's bank balance of \$9,607 was insured by the FDIC. The amounts indicated above held by Calhoun County may be partially covered by federal depository insurance. The amount of federal depository insurance is determined for the County as a whole, but cannot be separately identified for the Road Commission.

3. LEASES RECEIVABLE

The BPW has entered into various lease agreements with local governments to issue bonded debt and to manage the construction of water and sewer systems in those jurisdictions. These agreements generally terminate with the retirement of the related bond issues. Leases receivable are reported at an amount equal to the lesser of the actual bond-financed construction costs incurred to date or the outstanding bond principal. Annual lease payments under these agreements are equal to the related bond principal and interest due each year. At termination of a lease, title to the leased property is passed to the particular local governments.

Under the accrual basis of accounting and the provisions of FASB (Financial Accounting Standards Board) Statement No. 13, *Accounting for Leases*, the BPW's leases are classified as sales leases. As a result, leases receivable are recognized in the accompanying statement of net assets, whereas capital assets are not.

All lease agreements provide for the lessees to use, operate and maintain the systems, at their own expense, subject to the terms and conditions of the agreements.

4. LONG-TERM DEBT

General obligation bonds are issued by the County to finance construction projects managed and administered by the BPW. These bonds are direct obligations, and pledge the full faith and credit, of the County and the associated municipalities and authorities.

BOARD OF PUBLIC WORKS COUNTY OF CALHOUN, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS

The following are significant details regarding the bond issues that are outstanding at December 31, 2005:

On November 3, 1997, the County of Calhoun issued \$3,215,000 in Limited Tax General Obligation Refunding Bonds (City of Marshall Water Supply System) to advance refund \$3,000,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. This debt is due in annual installments of \$20,000 to \$220,000 through May 1, 2019, with interest ranging from 4.25% to 5.75%, payable semi-annually. The balance of the defeased bonds outstanding was \$2,425,000 at December 31, 2005.

\$3,044,606 Michigan Municipal Bond Authority (Bedford Township) 1990 Limited Tax General Obligation Bonds, dated August 28, 1990, due in annual installments of \$165,000 to \$175,000 through October 1, 2010, with interest of 2% payable semi-annually.

\$1,559,032 Michigan Municipal Bond Authority (Fredonia Township) 1991 Limited Tax General Obligation Bonds, dated September 26, 1991, due in annual installments of \$75,000 to \$100,000 through April 1, 2011, with interest of 2% payable semi-annually.

\$381,668 Michigan Municipal Bond Authority (Sheridan Township) 1992 Limited Tax General Obligation Bonds, dated September 24, 1992, due in annual installments of \$20,000 to \$25,000 through April 1, 2012, with interest of 2% payable semi-annually.

\$1,480,000 Calhoun County Water Supply System Bonds (City of Marshall) 1996 Limited Tax General Obligation Bonds, dated June 25, 1996, due in annual installments of \$65,000 to \$165,000 through May 1, 2016 with interest ranging from 5.10% to 5.75%, payable semi-annually.

\$2,340,000 Calhoun County Water Supply System Bonds (Charter Township of Pennfield) 1997 Limited Tax General Obligation Bonds dated November 19, 1997, due in annual installments of \$30,000 to \$125,000 through May 1, 2032 with interest ranging from 5% to 7% payable semi-annually.

\$2,225,000 Calhoun County Sewer Disposal System Bonds (City of Marshall) 1999 Limited Tax General Obligation Bonds dated September 1, 1999, due in annual installments of \$55,000 to \$220,000 through May, 2020, with interest ranging from 5.125% to 5.2% payable semi-annually.

**BOARD OF PUBLIC WORKS
COUNTY OF CALHOUN, MICHIGAN**

NOTES TO BASIC FINANCIAL STATEMENTS

\$3,265,000 Calhoun County Sewer Disposal System Bonds (Charter Township of Emmet) 1999 Limited Tax General Obligation Bonds dated July 1, 2000, due in annual installments of \$150,000 to \$200,000 through May, 2021, with interest ranging from 4.75% to 6.75% payable semi-annually.

\$245,000 Calhoun County Building Authority Building Bonds (Tekonsha Township Library) 2001 Limited Tax General Obligation Bonds dated May 1, 2001, due in annual installments of \$10,000 to \$20,000 through March, 2019, with interest ranging from 4.75% to 5.2% payable semi-annually.

\$1,260,000 Calhoun County Sanitary Sewer System Refunding Bonds (Charter Township of Emmett) 2005 Bonds dated March 29, 2005, due in annual installments of \$75,000 to \$115,000 through May, 2018, with interest ranging from 3% to 4% payable semi-annually.

During the year ended December 31, 2005, the BPW defeased \$1,170,000 of its 1993 Sanitary Sewer Refunding bonds. The balance of defeased bonds outstanding as of December 31, 2005 was \$1,120,000, which represents amounts placed in escrow in order to service the debt principal and interest payments. The current year refunding was undertaken to reduce total debt service expenditures over the next 13 years by \$43,557 and resulted in an economic gain of \$38,984.

BOARD OF PUBLIC WORKS COUNTY OF CALHOUN, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation bonds, including interest payments are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 810,000	\$ 521,259
2007	840,000	493,462
2008	870,000	464,691
2009	890,000	434,720
2010	980,000	403,401
2011-2015	4,225,000	1,489,687
2016-2020	3,695,000	562,274
2021-2025	700,000	154,216
2026-2030	575,000	80,244
2031-2032	250,000	9,750
	<u>\$ 13,835,000</u>	<u>\$ 4,613,704</u>

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds payable	<u>\$ 13,355,000</u>	<u>\$ 1,260,000</u>	<u>\$ 780,000</u>	<u>\$ 13,835,000</u>	<u>\$ 810,000</u>

The bonds described above do not include bonds payable as of December 31, 2005, for Water Supply and Sewage Disposal System Projects, issued in conjunction with the County, that are not general obligations of the County. These bonds are payable solely from the proceeds of contractual payments to be paid by the municipalities in accordance with contractual agreements. Principal and interest payments for this indebtedness was \$192,000 and \$134,513, respectively, for the year ended December 31, 2005.

**BOARD OF PUBLIC WORKS
COUNTY OF CALHOUN, MICHIGAN**

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the year, the BPW has interfund balances between certain funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At December 31, 2005, there were no interfund balances between the funds.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

At December 31, 2005, interfund transfers consisted of the following:

	<u>Transfers in</u>	<u>Transfers out</u>
City of Marshall 1997	\$ 10,681	\$ -
Nonmajor governmental funds	<u>1,126</u>	<u>11,807</u>
	<u>\$ 11,807</u>	<u>\$ 11,807</u>

COMBINING FINANCIAL STATEMENTS

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

DECEMBER 31, 2005

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund Balance			
Unreserved, undesignated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Debt Service	Capital Projects	Totals
Revenue			
Intergovernmental revenue	\$ 1,151,809	\$ -	\$ 1,151,809
Interest	-	83	83
Total revenue	<u>1,151,809</u>	<u>83</u>	<u>1,151,892</u>
Expenditures			
Debt service:			
Principal retirement	642,000	-	642,000
Interest and fiscal charges	547,016	143	547,159
Total expenditures	<u>1,189,016</u>	<u>143</u>	<u>1,189,159</u>
Revenue over (under) expenditures	<u>(37,207)</u>	<u>(60)</u>	<u>(37,267)</u>
Other financing sources (uses)			
Proceeds from bond issuance	1,260,000	-	1,260,000
Discount from bond issuance	(13,310)	-	(13,310)
Payment to escrow agent	(1,210,609)	-	(1,210,609)
Transfers in	1,126	-	1,126
Transfers (out)	-	(11,807)	(11,807)
Total other financing sources (uses)	<u>37,207</u>	<u>(11,807)</u>	<u>25,400</u>
Net change in fund balances	-	(11,867)	(11,867)
Fund balance, beginning of year	<u>-</u>	<u>11,867</u>	<u>11,867</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2005

	Homer Village #5	Pennfield/ Convis #2B	Emmet Township #1	Pennfield Township #6	Athens Village #1	Bedford Township #2C
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances						
Unreserved - undesignated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fredonia Township #12	Sherdian Township # 13	City of Marshall	Pennfield Township 1997	City of Marshall 1999	Teskonsha Library 2001	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Homer Village #5	Pennfield/ Convis #2B	Emmet Township #1	Pennfield Township #6	Athens Village #1	Bedford Township #2C
Revenue						
Intergovernmental revenue	\$ 64,400	\$ 121,875	\$ 107,999	\$ 64,500	\$ 17,400	\$ 180,200
Total revenue	64,400	121,875	107,999	64,500	17,400	180,200
Expenditures						
Principal retirement	40,000	75,000	50,000	30,000	12,000	160,000
Interest and fiscal charges	24,400	46,875	94,080	34,500	5,400	20,200
Total expenditures	64,400	121,875	144,080	64,500	17,400	180,200
Revenue over (under) expenditures	-	-	(36,081)	-	-	-
Other Financing Sources and Uses						
Proceeds from bond issuance	-	-	1,260,000	-	-	-
Discount from bond issuance	-	-	(13,310)	-	-	-
Payment to escrow agent	-	-	(1,210,609)	-	-	-
Transfer in	-	-	-	-	-	-
Total other financing sources and uses	-	-	36,081	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	-	-	-	-	-	-

Fredonia Township #12	Sherdian Township # 13	City of Marshall	Pennfield Township 1997	City of Marshall 1999	Teskonsha Library 2001	Total
\$ 102,200	\$ 28,350	\$ 130,473	\$ 148,981	\$ 166,909	\$ 18,522	\$ 1,151,809
102,200	28,350	130,473	148,981	166,909	18,522	1,151,809
90,000	25,000	65,000	30,000	55,000	10,000	642,000
12,200	3,350	65,473	118,981	111,909	9,648	547,016
102,200	28,350	130,473	148,981	166,909	19,648	1,189,016
-	-	-	-	-	(1,126)	(37,207)
-	-	-	-	-	-	1,260,000
-	-	-	-	-	-	(13,310)
-	-	-	-	-	-	(1,210,609)
-	-	-	-	-	1,126	1,126
-	-	-	-	-	1,126	37,207
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2005

	Emmett Township	CCWP 16 Marshall City	Marshall City	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Unreserved - Designated for capital projects	\$ -	\$ -	\$ -	\$ -

**BOARD OF PUBLIC WORKS
CALHOUN COUNTY
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Emmet Township	CCWP 16 Marshall City	Marshall City	Total
Revenue				
Interest	\$ 83	\$ -	\$ -	\$ 83
Expenditures				
Other	83	60	-	143
Other financing sources (uses)				
Transfers (out)	(1,126)	-	(10,681)	(11,807)
Net change in fund balances	(1,126)	(60)	(10,681)	(11,867)
Fund balance, beginning of year	1,126	60	10,681	11,867
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -